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AUTHOR Redd, Kenneth
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ABSTRACT

The Supplemental Educational Opportunity Grant (SEOG) program provides financial assistance to low-income undergraduate students attending postsecondary education institutions and is authorized by Title IV of the Higher Education Act. The program is administered on the campus of each participating postsecondary education institution which uses SEOG funds to award grants to eligible students. The educational institutions fund a portion of SEOG awards with their own resources, and use a standardized needs test, called the Congressional Methodology (CM), to determine student eligibility and amount of award. During the academic year 1989-1990, approximately 632,000 students received SEOGs. The average award was approximately $700 with awards ranging from $100 to $4,000. Since Fiscal Year 1980, Federal appropriations for the SEOG program have increased by 25.7% in current dollars but decreased by approximately 18% when adjusted for inflation. The average award in constant dollar value, and the number of students receiving awards, have also decreased. During the 101st Congress, legislation involving the SEOG program has focused on the effects of the CM. An appendix provides a summary of the legislative history of the grant program. (DB)

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89-647 EPW

CRS Report for Congress

ED315006

The Supplemental Educational Opportunity Grant Program: Background and Current Issues

Kenneth Redd
Analyst in Social Legislation
Education and Public Welfare Division

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THE SUPPLEMENTAL EDUCATIONAL OPPORTUNITY GRANT PROGRAM: BACKGROUND AND CURRENT ISSUES

SUMMARY

The Supplemental Educational Opportunity Grant (SEOG) program provides financial assistance to low-income undergraduate students attending postsecondary education institutions. This program, which is authorized by title IV of the Higher Education Act (HEA), as amended, supplements the aid eligible students receive from other Federal and nonFederal sources. The program is administered on the campus of each participating postsecondary education institution. These institutions use SEOG funds distributed by the Department of Education (ED) to award grants to eligible students. Postsecondary institutions also fund a portion of SEOG awards with their own resources, and use a standardized need test, called the Congressional Methodology (CM), to determine which students are eligible for aid, and how much each student is eligible to receive.

In the current academic year, 1989-1990, approximately 632,000 students receive SEOGs, funded by a fiscal year (FY) 1989 appropriation of $438 million and by institutional funds. The average award is approximately $700. A student must be eligible for at least $100 to receive aid, and no student may receive more than $4,000 in any academic year. Award amounts are determined by financial aid administrators, who, within the limits set by the CM, may use some discretion when determining financial eligibility and need.

The Higher Education Amendments of 1986, P.L. 99-498, was the last major reauthorization of all HEA programs. This law reauthorized Federal appropriations for the SEOG program through FY 1991, increased the maximum SEOG award amount, required institutions to fund a portion of SEOG awards with their own resources, changed the formulas used by ED to distribute program funds to postsecondary institutions, and instituted the use of the CM.

Since FY 1980, Federal appropriations for the SEOG program have increased by 25.7 percent in current dollars, but decreased by approximately 18 percent when adjusted for inflation. The average award in constant dollar value, and the number of students receiving awards, have also decreased.

During the 101st Congress, legislation involving the SEOG program has focused on the effects of the CM. Some financial aid administrators believe the need test causes some low-income students to pay more of the cost of attending postsecondary institutions than their cash incomes would warrant. Legislation has been introduced (the Senate-passed S. 568) that would amend the CM. Another recent issue involves errors in awarding SEOGs to some students. Because these errors may increase program costs, ED now requires some students to submit financial documents to prove their aid eligibility.

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INTRODUCTION

The Supplemental Educational Opportunity Grant (SEOG) program provides financial assistance to low-income undergraduate students attending postsecondary education institutions. This program, which is authorized by title IV of the Higher Education Act (HEA), as amended, supplements the aid eligible students receive from other Federal and nonFederal sources. The program is administered on the campus of each participating postsecondary education institution. These institutions use SEOG funds distributed by the Department of Education (ED) to award grants to eligible students. Postsecondary institutions also fund a portion of SEOG awards with their own resources, and use a standardized need test to determine which students are eligible for aid, and how much each student is eligible to receive.

This report provides a description of the current provisions, recent funding trends, and recent participation trends of the SEOG program. The report also describes a proposal currently before Congress that would amend the need test used to determine student eligibility for the SEOG program and other Federal student aid programs. The report also discusses another issue--the requirement of some students to verify their financial eligibility for SEOG aid and other Federal student aid. The appendix provides a brief legislative history of the SEOG program.

PROGRAM DESCRIPTION

The SEOG program, which is authorized by title IV, part A, subpart 2, (sec. 413) of the HEA,[1] provides grants to low-income undergraduate students attending postsecondary education institutions. Eligible students are provided cash or other financial assistance through their postsecondary institutions to help them pay education-related expenses, such as tuition, fees, room and board, books and supplies, and other costs of attending postsecondary institutions. These grants supplement the financial aid students receive from other Federal and nonFederal sources, particularly the aid students receive from the Pell Grant program. The Pell Grant program, authorized by title IV, part A, subpart 1, of the HEA, is the largest Federal program that

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[1]Current Federal regulations for the SEOG program are listed in 34 C.F.R. 676 (revised as of July 1988).

provides grants to low-income undergraduate students attending postsecondary education institutions. Average Pell Grant awards are usually much larger than SEOGs.[2]

Financial aid administrators use a standardized need test to determine student eligibility for SEOGs and the amount of aid students receive.[3] The statute requires that SEOGs be awarded to low-income undergraduate students who demonstrate academic progress (those maintaining at least a C average or its equivalent). Award amounts are determined by financial aid administrators, and may, at their discretion, and within the limits established by the need test, be adjusted to meet the needs of students in unusual financial circumstances. (See section on *Student and Institutional Eligibility*).

SEOG is one of three "campus-based" student aid programs (College Work-Study and Perkins Loans[4] are the others). These programs are referred to as "campus-based" because they are administered on the campus of each participating postsecondary education institution. Participating institutions use federally distributed funds from the campus-based programs to provide financial aid to eligible low-income students. Institutions also partially match Federal funding for campus-based awards with funding from their own resources; the amount of the match varies, depending on the program and academic year.[5] For academic year 1989-90, institutions must provide at least 5 percent of funding for SEOG awards with money from their own resources (institutions may, at their own discretion, provide more funding from their own resources). Institutions must provide at least 10 percent of the funding

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[2]For more information on the Pell Grant program, see U.S. Library of Congress. Congressional Research Service. *The Pell Grant Program: Background and Issues*. CRS Report for Congress No. 89-411 EPW, by Susan Boren. Washington, 1989.

[3]This standardized test, called the Congressional Methodology (CM), is further discussed in the section on *Student and Institutional Eligibility*.

[4]The College Work-Study (CWS) program provides part-time jobs for low-income postsecondary students. CWS jobs must pay at least the Federal minimum wage. Exact jobs and salaries are determined by the postsecondary institutions. The Perkins Loan program provides low-interest loans to financially needy students. Loan amounts are determined by the postsecondary education institutions. Students who receive these loans agree to pay the principal and accrued interest on the loan back to their postsecondary institutions. The CWS and Perkins Loan programs are authorized by title IV of HEA.

[5]The institutional match for Perkins Loans is $1 for every $9 of Federal aid. The match for CWS varies with the type of job a student receives. For most CWS jobs during the 1989-90 academic year, institutions use their own funding to pay 25 percent of students' salaries.

for SEOG awards in 1990-91, and 15 percent in 1991-92 and subsequent years.[6]

Campus-based programs differ widely from the other financial aid programs authorized under title IV of the HEA, such as Pell Grants and Stafford Student Loans.[7] The Pell Grant program is administered by ED's Office of Student Financial Assistance (OSFA), while private lenders and OSFA administer the Stafford Loan program. Award amounts from these two programs cannot be adjusted by financial aid administrators. Furthermore, most of the funding for these programs is provided by either Federal appropriations (for Pell Grants) or by private lenders (for Stafford Loans).

Institutions may award SEOGs to students directly in cash, or with credits toward their costs of attendance at their postsecondary institutions. Costs of attendance include costs for tuition, fees, books and supplies, room and board, transportation, and other miscellaneous education-related expenses.[8] If awarded direct cash payments, students must use the grants for costs of attendance expenses only. The minimum award for any academic year is $100, the maximum is $4,000.

Congress established the SEOG program and other Federal student aid programs authorized under the HEA to help low-income students attend postsecondary education institutions. For this reason, students who

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[6]The Federal Government provides all the funding for SEOG awards for Historically Black Colleges and Universities and Historically Black Graduate Institutions. These institutions are not required to match the Federal funding for SEOG awards.

[7]The Stafford Loan Program provides three types of loans to low-income students attending postsecondary education institutions: regular Stafford Loans (formerly called Guaranteed Student Loans), Parent Loans for Undergraduate Students (PLUS loans), and Supplemental Loans to Students (SLS). Postsecondary education institutions use the CM to determine eligibility for regular Stafford Loans. Lenders determine parents' eligibility for PLUS loans. There is no need test required for SLSs, although eligibility for a Pell Grant must be established before a student receives an SLS. For more information on these student loans, see U.S. Library of Congress. Congressional Research Service. *Guaranteed Student Loans: Current Status and Issues.* CRS Report for Congress No. 88-727 EPW, by Charlotte J. Fraas. Washington, 1988.

[8]If the student is handicapped, he or she is allowed to include a portion of handicapped expenses as education-related costs. Students with dependents are allowed to include a portion of costs of dependent care as a part of education-related expenses. For further information, see U.S. Department of Education. Office of Student Financial Assistance. *The Federal Student Aid Handbook, 1989-90.* Washington, 1989. Chapter 5, p. 9-10.

demonstrated "exceptional financial need" and receive Pell Grants must be given first priority for receiving SEOGs when administrators determine award eligibility and amounts. Students with exceptional financial need who do not receive Pell Grant awards must be given second priority for receiving SEOGs.

The statute intends for SEOGs to supplement the aid students receive from other Federal and nonFederal programs. Therefore, most SEOG recipients receive financial aid from other sources, especially from the other programs authorized under title IV of the HEA (primarily CWS, Perkins Loans, Pell Grants, and Stafford Loans). Data from ED[9] show that during the 1985-86 academic year:

- Ninety-eight percent of SEOG recipients also received Federal aid from another program under title IV of the HEA.
- Seventy-five percent of SEOG recipients also received a Pell Grant, while over 50 percent received a Stafford Loan (either a regular Stafford Loan, a PLUS, or an SLS).[10]
- Approximately 50 percent of SEOG recipients also received both a CWS job and a Perkins Loan.

Student and Institutional Eligibility

In order to participate in any Federal student aid program, postsecondary education students and institutions must follow program guidelines established in the HEA and in Federal regulations.[11]

Student Eligibility: General Requirements. In order to be eligible for any Federal student aid, including SEOG awards, students must: demonstrate exceptional financial need; be citizens or eligible noncitizens[12] of the United

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[9]U.S. Department of Education. Office of Planning, Budget, and Evaluation. *Fiscal Year 1987 Annual Evaluation Report.* Washington, 1987. Chapter 502, p. 4.

[10]See footnote number 7 of this report for a definition of Stafford Loans.

[11]See HEA, part G, secs. 481-494; see also 34 C.F.R. 676.3.

[12]Eligible noncitizens are those who have an I151, I551, or I551-C (Alien Registration Receipt Card) from the Immigration and Naturalization Service (INS). Noncitizens without one of these certificates must have a departure record from the INS showing one of the following: refugee status, asylum grant, indefinite or humanitarian parole, Cuban Haitian entrant, conditional entrant, or temporary Resident Card (I-688).

States; not owe a refund[13] on a prior Pell Grant or SEOG award; not be in default[14] on a prior Stafford or Perkins Loan; maintain at least a C average or its equivalent by the end of their second year of academic study; and have academic standing consistent with their institutions' graduation requirements. Students must also agree to use any Federal student aid solely for education-related expenses.

Students are eligible for SEOG awards as long as they have not received their first undergraduate baccalaureate degree and meet the other requirements. In some cases, students may be eligible for awards if they attend school less than half-time (at the institution's discretion).[15] Most awards, however, are given to students who attend either full- or half-time.

Need Analysis. Eligibility for SEOG awards is determined when students apply to their postsecondary education institutions for financial aid. Financial aid administrators use a process called need analysis to determine student eligibility. Need analysis is the formal process used to determine the difference between the cost of attendance at a particular postsecondary education institution and the amount of money a student and his or her family can contribute to these costs from their incomes and assets. The need analysis system used to determine eligibility for the campus-based programs and regular Stafford Loans is called the Congressional Methodology (CM). The CM, which began in academic year 1988-89, uses several criteria to determine financial eligibility and need: the student's and his or her family's

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[13]If a student receives an SEOG or Pell Grant award during any academic year that exceeds his or her demonstrated need by more than $200, an "overaward" occurs. The overaward is the amount of aid that exceeds demonstrated need. When an overaward occurs, the institution must recalculate the student's financial need. If the overaward exceeds the recalculated need, the student must refund the overaward to his or her postsecondary institution, or become ineligible to receive any future Federal student aid.

[14]Perkins Loans are considered to be in default if, once the loan reaches repayment status, the borrower does not make a repayment on the loan for at least 120 days. Stafford Loans are considered to be in default if, once the loan reaches repayment status, the borrower does not make a payment on the loan for at least 180 days, and the Federal Government reimburses a guaranty agency for the principal and interest payments on the loan. For further information on defaulted Stafford Loans, see U.S. Library of Congress. Congressional Research Service. *Guaranteed Student Loans: Defaults.* CRS Issue Brief No. IB88050, by Charlotte J. Fraas. Washington, 1989.

[15]Enrollment status (full-time, half-time, and less than half-time) is determined by institutions when students complete their information on the CM.

total income and assets; costs of attendance at the applicant's institution; and the student's and his or her family's living expenses.[16]

The CM is used to calculate students' expected family contribution towards educational expenses. The family contribution (FC) is the amount a family can "reasonably be expected" to contribute from both its income and assets in order to meet the total cost of postsecondary education.[17] The FC is determined when students apply for financial aid at their institutions. The FC is calculated by summing the students' and their parents'[18] expected contribution toward education expenses from their available income[19] and assets.[20] Most students are required to contribute at least 70 percent of their available income--or $900, whichever is greater--and 35 percent of the monetary value of their assets toward postsecondary education expenses.[21]

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[16]U.S. Department of Education. Office of Student Financial Assistance. *The Congressional Methodology, 1989-90.* Washington., 1989. p. 11-23.

[17]HEA, sec. 473.

[18]The parents' contribution is the percentage of annual income and assets parents are expected to contribute toward the students' postsecondary educational expenses. This percentage increases as total family income from work and nonwork sources increases. For further information, see U.S. Department of Education. Office of Student Financial Assistance. *The Congressional Methodology, 1989-90.* p. 11-18. This part of the FC formula applies only to students who are judged to be dependent on their parents for education and living expenses. Student dependency status is determined by financial aid administrators, based on information on the CM. See footnote numbers 27 and 28 of this report for definitions of independent and dependent students.

[19]Available income equals all earnings from work minus Federal income and Social Security (F.I.C.A.) taxes paid and a percentage of State and local income taxes. See U.S. Department of Education. Office of Student Financial Aid. *The Congressional Methodology, 1989-90.* p. 19-21.

[20]Assets are the net worth (value minus any debt) of home, real estate, investments (such as stocks and bonds), and business or farm. Students, their spouses (if any), and their parents (if the student is financially dependent on his or her parents) are required to use a portion of their assets to pay education-related expenses. See U.S. Department of Education. Office of Student Financial Assistance. *The Congressional Methodology, 1989-90.* p. 15-17.

[21]U.S. Department of Education. Office of Student Financial Assistance. *The Congressional Methodology, 1989-90.* p. 55. First year undergraduates must contribute 70 percent of their available income, or $700, whichever is greater.

The statute (sec. 479A of the HEA) allows financial aid administrators to adjust the FC calculations for students whose financial circumstances are not taken into account by the family contribution formula. Such adjustments may be made at financial aid administrators' discretion, but must be documented with evidence of the need for changes. Specific adjustments may be made in: the data in the FC formula; the methodology used to derive the FC; and directly to the final FC.[22]

After the FC is calculated and, if necessary, adjusted, financial aid administrators determine eligibility for SEOG awards. The SEOG award amount a student receives depends on his or her FC, and on the total amount of financial aid he or she receives from other Federal and nonFederal sources, especially the amount, if any, the student receives from the Pell Grant program. No student may receive an SEOG award of less than $100, or greater than $4,000, during any academic year. Award amounts must not exceed the student's demonstrated financial need, and must not exceed the total cost of attendance at the student's postsecondary institution.

Institutional Eligibility. In order to be eligible to participate in any Federal student aid program, including the SEOG program, postsecondary education institutions must be accredited by a nationally recognized accrediting agency that is approved by the U.S. Secretary of Education. Eligible institutions must also provide at least 2 year's training towards a bachelor's degree. Proprietary (for profit) schools must provide at least a 6 month training program that prepares students for "gainful employment," and must have been in existence for at least 2 years before applying for participation.

Postsecondary education institutions must apply each year to the Secretary of Education for their share of program funds. The application, which is called the Fiscal Operations Report and Application to Participate (FISAP), is used by postsecondary institutions to request funds for all three campus-based programs. The Secretary decides, based on this information and on the grant distribution formula (see *Distribution of SEOG Funds to Participating Institutions* section), which institutions will receive funds, and how much each institution is eligible to receive.

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[22]U.S. Department of Education. Office of Student Financial Assistance. *The Congressional Methodology, 1989-90.* p. 9.

DISTRIBUTION OF SEOG FUNDS TO PARTICIPATING INSTITUTIONS

Prior to FY 1986, the Secretary of Education used two formulas to distribute SEOG funds to postsecondary education institutions. The first formula set Federal program allocations for each State. Federal allocations to States were based on the ratio of full-time postsecondary students, and part-time students converted to a full-time equivalent enrollment, in each State, as compared to the total number of all such students in all States. These ratios were determined annually by the Secretary of Education. Each State was guaranteed to receive at least its 1972 allocation.[23]

After Federal allocations to States were established, postsecondary education institutions were required to apply directly to the Secretary of Education for their share of SEOG funds. Institutional shares were based on the allocation provided for the State in which each institution was located, and on an institutional need formula. This formula used several criteria to establish institutional need: 75 percent of eligible students' cost of attendance at each institution,[24] the cumulative amount eligible students' families were expected to contribute toward educational expenses,[25] and 25 percent of the cumulative amount of financial aid these students received from nonFederal sources. Each institution was guaranteed to receive at least its academic year 1979-1980 share.

The Higher Education Amendments of 1986 repealed the State distribution formula and altered the institutional need formula. The current formula provides that SEOG funds be distributed directly to postsecondary institutions, not through States. The new formula guarantees that institutions that received SEOG funds before FY 1985 receive at least their FY 1985 share. Postsecondary institutions that began participation after FY 1985, but are not first or second time program participants, receive either $5,000 or 90 percent of the amount they received in their first year of participation, whichever is greater. Institutions that are first or second time participants receive the greatest of: $5,000; or 90 percent of the amount they received their first year; or 90 percent of the amount institutions offering comparable academic programs received in the preceding fiscal year, divided by the number of students enrolled at these institutions in the preceding year, and multiplied by the number of students enrolled at the applicant institution in the preceding year.

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[23]U.S. Library of Congress. Congressional Research Service. *Reauthorization of the Higher Education Act: Program Descriptions, Issues, and Options.* Committee Print No. 8. Washington, U.S. Govt Print. Off., 1985. p. 142.

[24]Ibid., p. 144.

[25]Ibid., p. 144.

Excess appropriations, if any, are distributed to institutions based on a Pro Rata Share and a Fair Share. The Pro Rata Share (25 percent of the excess) entitles institutions to receive additional funds based on their proportionate share of the total appropriation for a given fiscal year. The remaining 75 percent, the Fair Share, is distributed to institutions based on their relative need, which equals the sum of the financial need of the institution's eligible undergraduates, minus the cumulative amount of aid the institution's students receive from the Pell Grant and State Student Incentive Grant (SSIG)[26] programs. The Secretary calculates the sum of the financial need of eligible undergraduates at each participating institution by using a formula established in the statute [sec. 413D(d)(2) of the HEA], which uses several criteria to determine this need: family income categories for all eligible dependent[27] and independent[28] undergraduates; the estimated FCs for these income categories; and 75 percent of eligible undergraduates' cost of attendance.[29]

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[26]The SSIG program, authorized by title IV, part A, subpart 3, of the HEA, provides funds to States to assist them in providing grants to low income postsecondary education students.

[27]Dependent students are those under 24 years old; or, regardless of their ages, marital status, or financial status, are claimed as dependents on their parents' Federal income tax returns. Institutions use the CM to determine dependency status. For more information, see U.S. Department of Education. Office of Student Financial Assistance. *The Congressional Methodology, 1989-90.* p. 2-4.

[28]Independent students are those who: were born before Jan. 1, 1966; or are veterans of the U.S. Armed Forces; or are wards of the court or both parents are dead; or have legal dependents other than a spouse; or are married and will not be claimed as dependents on their parents' Federal income tax returns; or are graduate or professional students and will not be claimed as dependents on their parents' Federal income tax returns; or are unmarried undergraduate students who have yearly incomes of $4,000 or more and are not claimed as dependents on their parents' Federal income tax returns. See U.S. Department of Education. Office of Student Financial Assistance. *The Congressional Methodology, 1989-90.* p. 2-4.

[29]For calculating institutional need, cost of attendance is defined as costs of tuition and fees, standard living expenses, and an allowance for books and supplies (currently $450 per undergraduate student).

Administrative Cost Allowance. Postsecondary institutions use a majority of their funding for campus-based programs to provide financial aid to students. They may, however, use a portion of these funds to administer the three campus-based programs. The amount of funding from campus-based programs an institution may spend on administrative costs is called the Administrative Cost Allowance (ACA). The ACA is not determined separately for each campus-based program, but is based on the total allocation each institution receives for all three programs. The ACA for campus-based programs equals:

- 5 percent of the first $2,750,000 the institution spends to administer the three campus-based programs (Perkins Loans, College Work-Study, and SEOG); plus
- 4 percent of the amount the school spends on these programs that is greater than $2,750,000, but less than $5,500,000; plus
- 3 percent of the amount greater than $5,500,000.[30]

In addition to the above ACA, postsecondary education institutions are also allowed to transfer up to 10 percent of their SEOG funds to the funding they receive for the College Work-Study (CWS) program. Such a transfer may be used if institutions do not have enough funding to pay all of students' CWS salaries during any academic year. Institutions may also transfer up to 10 percent of their CWS allocations to the funding they receive for the SEOGs.[31]

FUNDING AND PARTICIPATION TRENDS

The following tables provide information on the funding and participation trends of the SEOG program during the 1980s. In some cases, the latest available data are for students who attended school during the fall of 1986 (the beginning of the 1986-87 academic year).

Current Federal Appropriations for the SEOG Program

The SEOG program, in its current form, is authorized through FY 1991. In FY 1989, $438 million was appropriated for the SEOG program. ED estimates that this FY 1989 appropriation is funding awards for approximately 632,000 postsecondary students during 1989-1990, the current academic year.[32]

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[30]HEA, sec. 413C(e).

[31]Ibid.

[32]The SEOG program is "forward funded." Appropriations for each fiscal year fund awards for the following academic year.

The estimated average award to recipients is $700. For FY 1990, the Departments of Labor, Health and Human Services, and Education Appropriations Report (H.R. 3566) proposes $465 million in funding for the SEOG program.[33] The FY 1990 appropriation will be used for awards during the 1990-91 academic year.

Funding Trends in the 1980s

During the 1980s, annual Federal appropriations for SEOG awards have increased in current dollar value, but decreased in "real" value (funding values adjusted for inflation, also referred to as "constant dollar" values). Table 1 shows the annual appropriations for the SEOG program from FY 1980 to 1989, along with the funding proposed in the Departments of Labor, Health and Human Services, and Education Appropriations Report for FY 1990 (H.R. 3566).[34] As this table shows, annual appropriations in current dollars have increased by 25.7 percent since 1980, but have decreased by 17.9 percent in real value.

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[33]The FY 1990 appropriation figure is based on the Departments of Labor, Health and Human Services, and Education Conference Report (House Report No. 101-354 for H.R. 3566). To date, a final appropriation had not been approved.

[34]See footnote number 33 of this report for information on the FY 1990 figure.

TABLE 1. Federal Appropriations for the SEOG Program, Percent Change from FY 1980, and Percent Change Adjusted for Inflation FY 1980-1990

Fiscal Year	Appropriation (in thousands)	Percent Change From FY 1980 in current dollars	Percent Change From FY 1980 adjusted for inflation	Budget Request (in thousands)
1980	$370,000	--	--	$340,000
1981	370,000	0.0	-6.0	370,000
1982	355,400	-3.9	-13.5	370,000
1983	355,400	-3.9	-16.9	0
1984	375,000	1.4	-15.5	0
1985	412,500	11.5	-9.5	0
1986	394,762	6.7	-16.8	0
1987	412,500	11.5	-16.8	0
1988	408,415	10.4	-21.5	0
1989	437,972	18.4	-19.4	416,583
1990 (not final)	465,000[a]	25.7	-17.9	452,863

[a]See footnote number 33 of this report for information on the FY 1990 appropriation figure.

Source: Figures for FY 1980-1989 are from U.S. Library of Congress. Congressional Research Service. *U.S. Department of Education: Major Program Trends, Fiscal Years 1980-1990.* CRS Report for Congress No. 89-144 EPW, by Paul M. Irwin, Coordinator. Washington, 1989. p. 65. The FY 1990 figure is from U.S. Congress. House. *Appropriations for the Departments of Labor, Health and Human Services, and Education, and Related Agencies for the Fiscal Year Ending September 30, 1990, and for Other Purposes.* Conference Report to Accompany H.R. 3566. House Report No. 354, 101st Congress, 1st Sess. Washington, U.S. Govt Print. Off, 1989. 108 p.

Federal appropriations for the other campus-based programs have also fallen in real value during the 1980s. Appropriations for the CWS program have fallen by 27.5 percent since FY 1980, while appropriations for Perkins Loans have fallen by 65.5 percent.[35]

Table 1 also shows that the Reagan Administration requested no funding for the SEOG program from FY 1983 to 1988. In some of these years (FY 1984, 1985, and 1986), the Administration sought to shift the emphasis on student aid from grants to private work income and loans (which the Administration described as "self-help" aid).[36] To achieve this shift, the Administration proposed to eliminate funding for the SEOG program, and to shift some of the funding from this program to the CWS program, thus allowing more students to receive work study aid.[37] In other years (FY 1987 and 1988), the Administration argued that elimination of funding for the SEOG program would not decrease aid for low-income students, since the Administration believed the program was "poorly focused on student need."[38] That is, the Administration believed that a disproportionate number of middle- and upper-income students received SEOGs. Congress, despite the Administration's requests and proposals, continued to fund the program.

In FY 1989, the Administration requested funding for the SEOG program. This request partially reflected the Administration's new emphasis on increasing both grant and College Work-Study aid to low-income postsecondary students "with demonstrated need."[39]

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[35]U.S. Library of Congress. Congressional Research Service. *U.S. Department of Education: Major Funding Trends, Fiscal Years 1980-1990.* CRS Report for Congress No. 89-144 EPW, by Paul M. Irwin, Coordinator. Washington, 1989. p. 69, 73.

[36]U.S. Department of Education. Budget press releases for FY 1984, 1985, and 1986.

[37]Ibid.

[38]U.S. Congress. Senate. Committee on Appropriations. Subcommittee of the Committee on Appropriations. *Departments of Labor, Health and Human Services, Education, and Related Agencies Appropriations for Fiscal Year 1988.* Hearings. 100th Congress, 1st Sess. Washington. U.S. Govt Print. Off. 1987. p. 740.

[39]U.S. Department of Education. *The Fiscal Year 1989 Budget: Summary and Background Information.* Washington, 1988. p. 31.

Participation Trends in the 1980s

The constant dollar (inflation adjusted) value of average SEOG awards to students, and the number of students receiving awards, have also fallen in the 1980s. Table 2 shows the number of SEOG recipients, and the average award to students, from academic year 1980-81 to 1988-89. It shows that the number of SEOG recipients fell from approximately 717,000 in 1980-81 to 561,000 in 1988-89. During these years, total undergraduate enrollment increased from 10.5 million to 10.8 million.[40] The average grant per recipient fell in constant 1988 dollars from $701 to $684, a 2.4 percent decline.[41] Since 1984-85, however, the average award in constant dollars has increased from $641 to $684. This recent increase may be due to the lower rates of inflation during the mid and late 1980s, which may have caused the average awards to have a higher constant dollar value.

TABLE 2. Number of SEOG Recipients and Aid Per Recipient in Current and Constant 1988 Dollars Academic Years 1980-81 to 1988-89

Academic year	Recipients (in thousands)	Aid per recipient (current dollars)	Aid per recipient (constant dollars)
1980-81	717	$513	$701
1981-82	659	549	690
1982-83	641	535	644
1983-84	649	557	647
1984-85	652	573	641
1985-86	686	598	650
1986-87	631	633	673
1987-88	635	659	674
1988-89 (est.)	561	701	684

Source: Lewis, Gwendolyn L. *Trends in Student Aid: 1980 to 1989.* Washington, The College Board. 1989. Table 5, p. 10.

[40]U.S. Department of Education. National Center for Education Statistics. *Digest of Education Statistics 1988.* Washington, 1988. p. 148.

[41]Congressional Research Service analysis of data from Gwendolyn L. Lewis. *Trends in Student Aid: 1980 to 1989.* Washington, The College Board, 1989. Table 5, p. 10.

The number of participants and average awards to students in the other campus-based programs also declined in the 1980s. Participation in the CWS program fell from approximately 819,000 recipients in academic year 1980-81 to 686,000 in 1987-88. However, the number of participants increased to approximately 765,000 in 1988-89. During the same time period, the constant dollar value of average CWS awards to participants fell from $1,101 to $901, an 18.2 percent decrease. The number of students receiving Perkins Loans fell from approximately 813,000 in academic year 1980-81 to 697,000 in 1984-85. However, since 1984-85, the number of Perkins Loan recipients has increased to approximately 803,000 in 1988-89. The constant dollar value of average Perkins Loans provided to students has fallen from $1,165 in 1980-81 to $1,044 in 1988-89, a 10.4 percent decrease.[42]

While the constant dollar value of average awards from the campus-based programs decreased, the constant dollar cost of attendance at postsecondary education institutions has increased. According to the College Board,[43] the average cost of attendance[44] at public 4 year institutions in 1988 constant dollars increased by 30.2 percent between 1980-81 and 1988-89. During the same time period, the average cost of attendance at private 4 year institutions increased by 55.8 percent. This means that average SEOG awards have paid a lower percentage of the real costs of postsecondary education during the 1980s.

Characteristics of SEOG Recipients

Tables 3 and 4 show some details on the family income levels, enrollment status, racial characteristics, and dependency status of undergraduate students receiving SEOG awards.

In the fall of 1986 (the beginning of the 1986-87 academic year), approximately 560,000 undergraduates received SEOGs. They represented about 5 percent of the approximately 11 million undergraduates enrolled at all types of postsecondary education institutions (public, private, and proprietary). Table 3 shows that a majority of recipients were white, female, 23 years old or younger, attended their institutions full-time, and were dependent students.[45] Approximately 35 percent of recipients were nonwhite. On average, males received slightly higher awards than females, blacks received slightly higher awards than whites, younger students received higher

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[42]Lewis, Gwendolyn L. *Trends in Student Aid: 1980 to 1989.* Table 5, p. 10.

[43]Ibid., table 6, p. 11.

[44]The College Board uses the constant dollar costs of tuition, fees, and room and board to make these calculations.

[45]See footnote number 27 for a definition of dependent students.

awards than older ones, and dependent students received higher awards than independents.[46]

Table 4 shows that a majority of recipients were dependent students from families with annual family incomes[47] that were $29,999 or less; most recipients came from families with annual incomes below $11,000. Average awards for dependent students increased at higher incomes; the average grants awarded to dependent students with family incomes in the "$50,000 and up" range were slightly higher than those in the lower income categories. This may have occurred because students with relatively higher incomes may attend higher cost postsecondary institutions than students in lower income categories; and, because institutional cost is one factor used to determine aid eligibility and amounts, these students may show a relatively larger need for aid.[48] However, relatively few recipients--only 1.3 percent of dependent students who received awards--came from families with incomes in the $50,000 range.

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[46]See footnote number 28 for a definition of independent students.

[47]Family income equals adjusted gross income (income from work and assets minus Federal income taxes paid) plus untaxable income (Social Security benefits and other social welfare benefits, child support, and other untaxable benefits).

[48]U.S. Department of Education. Office of Planning, Budget, and Evaluation. *Fiscal Year 1987 Annual Report.* Washington, 1987. Chapter 502, p. 2.

TABLE 3. Selected Characteristics of SEOG Recipients for the Fall of 1986

Selected student characteristics	Number of recipients	Percent of total recipients	Average award (full-time)	Average award (part-time)[a]
Gender				
Male	226,567	40.4%	$761	$612
Female	333,644	59.6	705	517
Race/Ethnicity				
American Indian	6,280	1.1	na	na
Asian American	38,888	7.0	712	na
Black	102,199	18.4	756	521
Hispanic[b]	50,326	9.1	662	556
Total, nonwhite	197,693	35.6	na	na
White	357,686	64.4	729	537
Age				
23 or younger	405,702	72.6	752	559
24-29	81,488	14.6	589	542
30 or older	71,273	12.8	729	537
Attendance Status[c]				
Full time	362,687	64.1	729	na
Part time	203,456	35.9	na	551
Dependency Status[c]				
Dependent	348,738	72.0	752	576
Independent	135,638	28.0	676	529

[a]Includes average awards for students enrolled part-time and/or less than the full academic year.

[b]Includes students who identify themselves as Hispanic, including Mexicans, Puerto Ricans, Cubans, Central or South Americans, or any other Spanish culture or origin, regardless of race.

[c]Determined by postsecondary education institutions when students apply for financial aid. See footnote numbers 27 and 28 of this report for definitions of dependent and independent students.

Source: U.S. Department of Education. Center for Education Statistics. *1987 National Postsecondary Student Aid Study*. Tables 5.3 and 5.4, p. 57-58.

Table 4. SEOG Recipients by Dependency and Family Income Levels for the Fall of 1986

Dependency status[a] and family income	Number of recipients	Percent of total	Average award (full-time)	Average award (part-time)[b]
Dependent Students	357,865	65.9%	$749	$602
Less than $11,000	79,284	14.6	674	586
$11,000-$19,999	110,238	20.3	748	577
$20,000-$29,999	102,092	18.8	780	600
$30,000-$39,999	45,073	8.3	787	na
$40,000-$49,999	14,119	2.6	754	na
$50,000 and up	7,060	1.3	881	na
Independent Students	185,178	34.1	677	523
Less than $5,000	72,225	13.3	626	495
$5,000-$10,999	64,079	11.8	696	543
$11,000-$19,999	33,669	6.2	724	529
$20,000 and up	15,205	2.8	na	na

[a]A student's dependency status is determined by his or her postsecondary institution. Institutions use the CM to determine this status. See footnotes number 27 and 28 of this report for definitions of dependent and independent students.

[b]Includes average awards for students enrolled part-time and/or less than the full academic year.

NOTE: na means not available.

Source: U.S. Department of Education. National Center for Education Statistics. *1987 National Postsecondary Student Financial Aid Study.* Tables 5.6 and 5.7, p. 64-65.

The characteristics of recipients of the other campus-based programs are similar to those cited for the SEOG program. Most students who received CWS and Perkins awards in the fall of 1986 were female, 23 years old or younger, and attended their institutions full-time. Approximately 32 percent of CWS recipients were nonwhite, while 24 percent of Perkins Loan recipients were nonwhite.[49]

[49]U.S. Department of Education. National Center for Education Statistics. *1987 National Postsecondary Student Aid Study.* Tables 5.3 and 5.4, p. 57-58.

The family income and dependency status of recipients of the other campus-based programs are also similar to those cited for the SEOG program. Approximately 75 percent of CWS recipients in the fall of 1986 were dependent students, and more than 53 percent of all recipients had annual family incomes under $30,000. Seventy-two percent of Perkins Loans recipients were dependents, and 51.5 percent of all recipients had family incomes less than $30,000.[50]

Distribution of SEOG Funds

Table 5 provides the distribution of SEOG funds by type of postsecondary education institution during academic year 1985-86. It shows that over 35 percent of SEOG recipients attended public 4-year institutions. Thirty percent attended 4-year private institutions. Furthermore, the total grants awarded to recipients attending private institutions accounted for about 40 percent of the total SEOG dollars awarded. Overall, over 66 percent of SEOG recipients attended public and private 4-year institutions, and most of the dollars awarded went to recipients attending 4-year institutions. The highest average SEOG awards went to those attending private 4-year postsecondary education institutions. Students attending private institutions may have received higher average awards because of the formula used to distribute funds to each institution, which is based, in part, on aggregate student need and institutional costs (see *Distribution of Funds to Participating Institutions* section); because private institutions tend to have relatively higher costs than public ones, student need and institutional share of program funds tend to be higher for private institutions.[51]

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[50]Ibid., tables 5.5 and 5.6, p. 64-65.

[51]U.S. Department of Education. Office of Planning, Budget, and Evaluation. *Fiscal Year 1987 Annual Report.* Chapter 502, p. 2.

TABLE 5. SEOG Recipients and Distribution of SEOG Awards by Type of Institution for Academic Year 1985-86

Type of institution	Number of SEOG recipients*	Percent of total recipients	Amount of SEOG dollars* distributed (in thousands)	Percent of total SEOG dollars distributed	Average award to students*
Private 2-year	14,272	2.1%	$7,311	1.8%	$933
Private 4-year	210,169	30.6	164,605	40.1	783
Public 2-year	121,991	17.8	53,026	12.9	761
Public 4-year	245,544	35.8	145,822	35.6	594
Proprietary	93,985	13.7	39,330	9.6	418
Totals	685,961	100.0	$410,094	100.0	$598

*Includes independent and dependent SEOG recipients who attended full- and part-time during the 1985-86 academic year.

Source: U.S. Department of Education. Office of Student Financial Assistance. 1987 Campus-Based Programs Annual Report. Section 3, p. 2-6.

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Data for the other campus-based programs show that over 40 percent of CWS recipients in academic year 1985-86 attended private 4-year institutions; over 50 percent of the total CWS appropriations supported students attending private institutions. Thirty-nine percent of Perkins Loan recipients, and 43 percent of the total loan dollars appropriated, went to students attending private 4-year institutions in 1985-86.[52]

CURRENT ISSUES

During the 101st Congress, legislation involving the SEOG program has focused on the effects of the need test used to determine student eligibility for the SEOG program and the other campus-based programs. Some believe the current need test causes some low-income students to pay more of the cost of attending postsecondary institutions than their cash incomes would warrant. Another recent issue has involved the overawarding of campus-based funds to some students. A study by ED shows that errors by students and financial aid administrators has led to students receiving awards that exceed their financial need. This section provides information on these issues.

Need Analysis: The Congressional Methodology

The process used to determine student eligibility for Federal aid programs, need analysis, has been an ongoing issue with the SEOG program. In the early and mid 1980s, some concluded that the need analysis system used to determine eligibility for the campus-based programs allowed a disproportionate number of middle- and upper-income students to receive SEOG aid. A study from the General Accounting Office (GAO) concluded that, during the 1983-84 academic year, the program "did not appear to be concentrated on students from lower income categories."[53] This GAO report found that 39 percent of dependent recipients had annual family incomes above $30,000.[54]

Concern about the distribution of SEOG and other campus-based aid to students with relatively high incomes led to the altering of the need analysis system. The current system, the CM, allows low-income students (those with annual gross incomes equal to or less than $15,000) to use a simplified need

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[52]U.S. Department of Education. Office of Student Financial Assistance. *1987 Campus-Based Programs Annual Report.* Washington, 1988. Section 3, p. 2-6.

[53]U.S. General Accounting Office. *SEOG Funds: Information on the Distribution of SEOG Funds to Students.* GAO Report No. PEMD-89-01-BR. Washington, 1985. p. 2.

[54]Ibid., table 4, p. 7.

test to determine their aid eligibility.[55] This simplified test excludes parents' and students' assets when determining eligibility.[56] The regular CM also excludes assets from the determination of eligibility for dislocated workers and displaced homemakers. It also applies assessment rates to income and assets. Assessment rates are the percentages of annual income and the value of assets students, their spouses, and their families are expected to contribute towards education related expenses. Prior to the enactment of P.L. 99-498, assessment rates were not set in statute.[57]

Recently, financial aid administrators have expressed concern about the effects of the CM. Some believe that the treatment of nonliquid assets (value of home, farm, real estate, and business) in the determination of financial need causes students with low cash incomes but large amounts of assets to pay more for the cost of postsecondary education than their cash incomes would warrant. This happens because some nonliquid assets may not be readily converted to cash.

One proposal currently before the 101st Congress seeks to amend the need analysis system. This bill, S. 568, the Stafford Student Loan Default Prevention and Management Act of 1989, would, if enacted, eliminate non liquid assets from the need analysis formula for dependent students with family incomes below $30,000. S. 568 would also direct the Secretary of Education to give special consideration to postsecondary institutions located in national disaster areas when distributing SEOG funds to institutions. It is unclear what effect, if any, this final provision would have on the future distribution of SEOG funds. S. 568 passed the Senate on March 17.

Several bills in the House (H.R. 375, H.R. 1169, H.R. 1581, and H.R. 2020) also contain similar provisions that would amend the CM. These bills are currently pending before the House Postsecondary Education Subcommittee. These proposals, if enacted, would lower the amount of student contributions to postsecondary expenses.

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[55]U.S. Library of Congress. Congressional Research Service. *The Higher Education Amendments of 1986 (P.L. 99-498): A Summary of Provisions.* CRS Report for Congress No. 87-187 EPW, by Susan Boren, et al. Washington, 1987. p. 51. See also U.S. Congress. House. *Higher Education Amendments of 1986.* Conference Report to Accompany S. 1965. House Report. No. 861, 99th Congress, 2nd Sess. Washington, 1986.

[56]U.S. Department of Education. Office of Student Financial Assistance. *The Congressional Methodology, 1989-90.* p. 45-47.

[57]Susan Boren, et al. *The Higher Education Amendments of 1986 (P.L. 99-498): A Summary of Provisions.* p. 51.

Program Administration and Mandatory Verification

Financial aid administrators at each participating postsecondary education institution are primarily responsible for administering the SEOG program and the other campus-based programs. The ability of financial aid administrators to determine accurately student aid eligibility and award amounts has been an on-going concern. Some believe administrators cannot control for mistakes in calculating student eligibility and award amounts. In the past, these mistakes may have led to the overawarding of SEOG and other campus-based funds to some students (an overaward occurs when a student receives an award that exceeds his or her demonstrated financial need). A Title IV Quality Control Study by ED[58] found that, during the 1985-86 academic year:

- Errors in determining need for all three campus-based programs were found in 77.2 percent of the cases sampled. Almost 80 percent of these errors were attributed to misreporting by students on their financial aid forms. These errors led to an estimated $500 million in over calculation of student need for campus-based awards.

- Situations in which estimated need for campus-based awards exceeded actual need occurred in approximately 22 percent of all sampled cases. These errors accounted for approximately $265 million in actual overawards.

In order to reduce these overawarding errors, ED began, in FY 1987, to expand mandatory verification procedures for estimating financial need for all Federal aid programs authorized under title IV of the HEA. Mandatory verification requires a randomly selected number of recipients of Federal student aid to submit documents, such as Federal income tax returns and other financial records that show total income and assets, to support the information on their financial aid forms. These documents must be verified by the students' postsecondary education institutions. Before FY 1987, only Pell Grant recipients were subject to mandatory verification. ED hopes that the expanded population covered by mandatory verification will reduce errors and overawards.

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[58]U.S. Department of Education. Office of Planning, Budget, and Evaluation. *Fiscal Year 1987 Annual Evaluation Report.* Chapter 502, p. 6.

CONCLUSION

The SEOG program is relatively small when compared to some of the other programs authorized under title IV of the HEA; the Pell Grant program, for example, had appropriations of $4.5 billion in FY 1989, compared to $437.9 million for the SEOG program. Appropriations for the Pell Grant program are larger because Congress intends for this program to provide the primary financial support for low-income postsecondary students, while the SEOG program and the other campus-based programs are intended to supplement this primary aid.[59]

Despite the SEOG program's relatively lower appropriations, both the House Committee on Education and Labor and the Senate Committee on Labor and Human Resources have seen the SEOG program as an important way to provide additional financial assistance to low-income students who receive aid from the Pell Grant program and other Federal and nonFederal financial aid sources.[60] These Committees have also emphasized their intention to target Federal aid to students who demonstrated the greatest financial need.[61]

Authorization of Federal appropriations for the campus-based programs, and the other programs authorized by the HEA, are due to expire at the end of FY 1991. Initial reauthorization hearings have begun and will continue through December 1989.[62] The reauthorization process might provide Congress another opportunity to reexamine the future role the SEOG program and the other campus-based programs could have on financing postsecondary education for low-income students.

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[59]U.S. Congress. House. Committee on Education and Labor. *Higher Education Amendments of 1985.* Report to Accompany H.R. 3700. House Report No. 383, 99th Congress, 1st Sess. Washington, U.S. Govt Print. Off., 1985. p. 30. See also U.S. Congress. Senate. Committee on Labor and Human Resources. *Higher Education Amendments of 1986.* Report to Accompany S. 1965. Senate Report No. 296, 99th Congress, 2nd Sess. Washington, U.S. Govt Print. Off. 1986. p. 32.

[60]Ibid.

[61]Ibid.

[62]*Federal Register,* v. 54, Sept. 28, 1989. p. 39972.

APPENDIX

Legislative History

This section summarizes the major amendments made to the SEOG program since its inception in 1972.

The Education Amendments of 1972, P.L. 92-318

The Supplemental Educational Opportunity Grant (SEOG) program was originally enacted by P.L. 92-318, the Education Amendments of 1972. This law renamed and extended the Educational Opportunity Grant program as a supplement to the Basic Educational Opportunity Grant program (BEOG--now known as the Pell Grant program). SEOGs were to be provided to undergraduate postsecondary education students "who [were] in exceptional financial need and who would be unable to receive the benefits of postsecondary education without such a grant."[63] Postsecondary education institutions were to determine student eligibility and financial need for SEOGs. Institutions were to give first priority for receiving SEOGs to undergraduate students with "exceptional need" who received BEOGs; second priority was to be given to students with "exceptional need" who did not receive BEOG awards. The SEOG program was authorized through FY 1975; $170 million was authorized for FY 1972, $200 million was authorized for FY 1973, and $200 million plus "such sums as may be necessary" were authorized for FY 1974 and 1975.[64]

The law set a maximum yearly SEOG award of $1,500--an increase from $1,000 under the Educational Opportunity Grant program--and a minimum award of $200. Students were eligible for not more than $4,000 in program aid for a maximum of 4 years (students in a regular 5-year program were eligible for $5,000). Eligible students were required to be enrolled at least part-time, as determined by their postsecondary education institutions. Eligible students were also to be those who had not yet received their first bachelor's degrees.

The law also established the State and institution based formulas to be used to distribute program funds to institutions. Federal appropriations to States were to be based on their number of full-time undergraduate and graduate students enrolled in postsecondary education, and part-time students converted to a full time equivalent number, compared to the total number of

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[63]U.S. Congress. Senate. Committee on Labor and Public Welfare. *Education Amendments of 1972.* Report to accompany S. 659. Senate Report No. 604, 92d Congress, 2d Sess. Washington, 1972. 14 p.

[64]U.S. Congress. House. *Education Amendments of 1972.* Conference Report to accompany S. 659. House Report No. 1085, 92d Congress, 2d Sess. Washington, 1972. 229 p.

all such students in all States. After appropriations to States were established, program funds were to be distributed to participating postsecondary education institutions. Funds to institutions were based on the appropriation provided to the State in which the institution was located, and on each institution's relative need, as determined by use of a separate formula (see *Distribution of SEOG Funds to Participating Institutions* section).

The Education Amendments of 1976, P.L. 94-482

P.L. 94-482, the Education Amendments of 1976, reauthorized the SEOG program through FY 1979 and maintained the levels of authorization at $200 million plus "such sums as may be necessary." There were no substantial changes made in the program's original provisions.

The Education Amendments of 1980, P.L. 96-374

P.L. 96-374, the Education Amendments of 1980, authorized the SEOG program through FY 1985, increased the maximum annual grant to $2,000, and eliminated the cumulative limits of student eligibility and funding. The 1980 amendments also changed the requirement limiting student eligibility from those with "exceptional financial need" to simply "financial need." This was done in order to simplify the definition of student eligibility.[65] Furthermore, the State based distribution formula was changed so that graduate students were not included in the calculation, and specified that the Department of Education use a "fair share" approach--based on the cumulative financial need of all eligible students in all States--when distributing program funds to postsecondary institutions. This approach included the use of a modified institution based distribution formula that calculated the cumulative financial need of all eligible students attending each participating postsecondary institution (see *Distribution of SEOG Funds to Participating Institutions* section of this report).

The Higher Education Amendments of 1986, P.L. 99-498

P.L. 99-498, the Higher Education Amendments of 1986, was the last major revision of the SEOG program and all other programs authorized under the HEA. This law reauthorized the SEOG program through FY 1991, and required, for the first time, for postsecondary education institutions to provide a portion of the funding for SEOG awards to students. In academic year 1989-90, institutions must provide at least 5 percent of the funding for SEOG awards. In 1990-91, institutions must provide at least 10 percent of award funding; and in 1991-92 and years thereafter, institutions must provide at least 15 percent. The nonFederal share of awards must be made up by each institution's own resources, including institutional grants and fellowships,

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[65]*Congressional Record*, v. 126, Sept. 25, 1980: 13415.

tuition or fee waivers, State scholarships,[66] and/or grants from charitable organizations.

P.L. 99-498 also allowed students enrolled less than part time to be eligible to receive SEOGs, increased the maximum amount any student may receive under the program during an academic year to $4,000, and lowered the minimum award to $100. The law also repealed the State distribution formula, modified the institution based formula (see Distribution of SEOG Funds to Participating Institutions section), and reinstituted the requirement for awarding grants to students with "exceptional financial need." This provision was reinstated due to the Senate Labor and Human Resources Committee's concern that limited Federal appropriations for student aid go to those with the greatest demonstrated financial need.[67]

The 1986 amendments also added a new part F to the HEA. This part established a new need analysis system for determining student eligibility for the three campus-based programs and regular Stafford Loans. This system, called the Congressional Methodology, bases student financial eligibility on the percentages of income and liquid and nonliquid assets students and their parents are expected to contribute to postsecondary education expenses.

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[66]Funding from the SSIG program may not be used to match SEOG awards. See footnote number 26 of this report for a definition of the SSIG program.

[67]U.S. Congress. Senate. Committee on Labor and Human Resources. *Higher Education Amendments of 1986.* Report to Accompany S. 1965. Senate Report No. 296, 99th Congress, 2d Sess. Washington. U.S. Govt Print. Off. 1986. p. 32.